DOCUMENT RESUME

ED 385 385 PS 023 514

TITLE	Child Care as Welfare Prevention.
INSTITUTION	Child Care Law Center, San Francisco, CA.
PUB DATE	Mar 95
NOTE	33p.
AVAILABLE FROM	Child Care Law Center, 22 Second Street, 5th Floor, San Francisco, CA 94105 ($5).
PUB TYPE	Collected Works - Serials (022) -- Reports - Descriptive (141)
JOURNAL CIT	Working for Change; Mar 1995
EDRS PRICE	MF01 Plus Postage. PC Not Available from EDRS.
DESCRIPTORS	Children; Comparative Analysis; *Day Care; *Disadvantaged Youth; Economically Disadvantaged; Employed Parents; Employed Women; Government Role; Job Placement; Job Training; Labor Force Nonparticipants; Low Income; Poverty; Public Agencies; Public Policy; Supported Employment; Underemployment; *Unemployment; *Welfare Recipients; Welfare Services
IDENTIFIERS	*Aid to Families with Dependent Children; Child Care Costs; *Child Care Needs

ABSTRACT

Part of a series from the Child Care Law Center, this issue of "Working for Change" discusses the need for quality, affordable child care as a support for working parents trying to break out of welfare dependency. This report details the current realities of poor parents who struggle to find and pay for child care while they work and those who would work if child care were available. In the United States, there are 6 million children under the age of 6 living in poverty. Looking at examples of programs and studies which address how child care can assist in ending long-term poverty by enabling parents to participate in education and training which will qualify them for stable employment, the report also discusses how quality child care enriches young children's development, which can reduce government expenses on health care, remedial education, and juvenile justice, and helps to prepare children for employment in adulthood, thereby avoiding generational cycles of poverty. This report also provides current statistics on poor and Aid to Families with Dependent Children (AFDC) mothers and parents. The following charts and graphs are included: (1) "Why Do Mothers Need Child Care?"; (2) Consequences of Child Care Problems"; (3) "Mothers Out of the Labor Force Because of Child Care: (4) "AFDC Recidivism Due to Lack of Child Care"; (5) "Responses of JOBS participants when asked to choose the one type of assistance that would most help them out of poverty"; (6) "High/Scope Perry Preschool Study"; and (7) "How the U.S. Compares with Other Nations' Investments in Children and Families." The report concludes that, rather than developing short-term ways to cut welfare, government policy should invest in the children who now live in poverty in the United States. (Contains 54 references.) (Author/BC)

A PUBLICATION OF THE CHILD CARE LAW CENTER

ED 385 385

U.S. DEPARTMENT OF EDUCATION
Office of Educational Research and Improvement
EDUCATIONAL RESOURCES INFORMATION CENTER (ERIC)

X This document has been reproduced as received from the person or organization originating it.

☐ Minor changes have been made to improve reproduction quality.

• Points of view or opinions stated in this document do not necessarily represent official OERI position or policy.

Issue Topic

Child Care as Welfare Prevention

PERMISSION TO REPRODUCE THIS MATERIAL IN **OTHER THAN PAPER COPY** HAS BEEN GRANTED BY

Reisa Jaffe

TO THE EDUCATIONAL RESOURCES INFORMATION CENTER (ERIC)

There are six million children under age six who live in poverty in the United States.[1] Their families either receive welfare or are at significant risk of becoming dependent on Aid to Families with Dependent Children (AFDC). As the goal of welfare reform increasingly focuses on work, it is possible to move towards "ending welfare as we know it," by reducing the need for welfare through opportunities and supports that enable poor parents to work. Whether a family is headed by a single mother or two working parents, quality, affordable child care is an essential work support.

This issue of *Working For Change*, the second in a series by the Child Care Law Center, focuses on child care as a work enabling service and a means of preventing welfare dependency. It details the current realities of poor parents who struggle to find and pay for child care while they work and those who would work if child care were available. It also looks at examples of programs and studies addressing how child care can assist in ending long-term poverty by enabling parents to participate in education and training which will qualify them for stable employment. Finally, this issue discusses how quality child care enriches young children's development, which can reduce government expenses on health care, remedial education, and juvenile justice, and helps to prepare children for employment in adulthood, thereby avoiding generational cycles of poverty.

There should be more help in day care than AFDC. I wanted to work but was forced to apply for AFDC. I could not live on what I made after paying for day care ($30). If there was more funding for day care there would not be so many people on AFDC. Believe me, this is not where I'd like to be.

— SINGLE PARENT ON A WAITING LIST FOR SUBSIDIZED CHILD CARE IN RHODE ISLAND.[35]

The Child Care Law Center is a nonprofit legal services organization dedicated to improving and expanding child care services to low-income families and the providers who serve them. For more about CCLC see page 2.

Contact CCLC at:

22 Second St. 5th Floor
San Francisco, CA 94105
Tel: 415-495-5498
Fax: 415-495-6734

PS 023514

BEST COPY AVAILABLE

Contents

CHILD CARE AS WELFARE PREVENTION

Child Care and the Working Poor 3

Child Care Can Help Working Families Who Live in Poverty 3
Welfare Is a Safety Net for Poor Families 4
Child Care Is Unaffordable for Many Low-Income Families 6
Parents Need Child Care in Order to Work 7
Child Care Problems Keep Poor Mothers out of the Workforce 8
Lack of Subsidized Child Care Causes Parents to Return to AFDC 10
Child Care Subsidies Can Enable More Mothers to Participate in the Workforce 12

Child Care and Parents' Education 14

Education and Training Significantly Affects Families' Income Level 14
Success in Job Training and Education Can Hinge on Child Care 15
Child Care Is Especially Important for Teen Mothers in School 17

Investments in Quality Child Care Can Reduce Future Costs 18

Quality Child Care Enhances Child Development and Shows Long-Term Positive Effects 18
Increased Public Investment is Needed to Assure Access to Quality Child Care 20

Alternative Assistance Programs 22

Child Care As an Alternative to Welfare: What Works, What Doesn't 22
Utah: A Successful Strategy 22
California: Alternative Program's Structure Fails to Meet Families' Needs 23
Creating an Effective "Alternative Assistance" Program 24

Conclusion 27

Glossary 28

References 29

CHILD CARE LAW CENTER

CCLC represents individual child care providers and parents through a network of volunteer attorneys and legal services programs, offers training and educational seminars for advocates, administrators, and providers, provides technical assistance on legislative and administrative drafting and analysis, offers advocacy support for improved child care policies on local, state, and federal levels, and develops and distributes publications.

This publication is made possible through grants from the Ford Foundation and the William and Flora Hewlett Foundation, and by the many organizations who researched these issues and the individuals who have shared their personal experiences. Special thanks to Patricia Kantor, Carol Hurtt, and Cullen Curtiss for their valuable contributions to this project. Working For Change *is a significant part of CCLC's efforts to make quality and affordable child care accessible for low-income families as an integral component of welfare reform.*

For more information or technical assistance, contact Kathleen O'Brien or Elissa Gershon at CCLC.

BEST COPY AVAILABLE

Child Care Can Help Working Families Who Live in Poverty

. . . . . .

Policy driven purely by the goal of moving families off the welfare rolls, and not by helping them escape poverty, will never be sufficient to solve 'the welfare problem.'

— Researchers At The Institute For Women's Policy Research[10]

. . . . . .

When welfare as we know it began in 1935, it was intended to assist children who were deprived of parental financial support. It was based on the idea that families should not be forced to place their children in orphanages because they were too poor to support them; in fact, financial support was given to allow mothers to stay at home with their children rather than resorting to work outside the home to provide for them.[10]

Today, most mothers work and many are low-income. More than half of poor children under six live with single mothers.[32] There are more than 12 million families nationwide headed by women and more than one-third of them live in poverty.[30] Fifty percent of working women are married to men who earn less than $20,000 per year and 80 percent are married to men who earn less than $30,000 per year.[3] If these women are to support, or help support their families, they must work. If they are to be able to work, they need child care.

The dilemma that results from this reality is twofold. If child care is unstable, unaffordable, or of poor quality, parents cannot accept or retain employment that will enable them to support their families. Conversely, if parents have the skills or opportunities to accept only low-wage, inconsistent work without benefits, they will not be able to purchase quality child care. Thus, child care assistance can play three crucial roles in avoiding welfare dependency:

- Child care assistance can help families stay off the welfare rolls by enabling parents to accept employment with the knowledge that their children are taken care of.
- Child care enables parents to pursue opportunities in training and education in order to develop the skills they need to obtain jobs that offer some financial security and career opportunities.
- High quality child care can significantly and positively impact young children's development and prepare them for later success in school and in the workplace.

Child Care and the Working Poor

Making Ends Meet

I will be forced to go on AFDC soon if nothing changes. My car is broken and I've no money for its repair due to high bills. I make ends meet with grocery coupons but balanced meals are a luxury.

— SINGLE MOTHER ON A WAITING LIST FOR SUBSIDIZED CHILD CARE IN RHODE ISLAND.[35]

Welfare Is a Safety Net for Poor Families

. . . . . .

People are dependent on the welfare system because a minimum wage job will not take care of child care and health needs.

— *RESEARCHERS AT THE SOUTHERN INSTITUTE ON CHILDREN AND FAMILIES.*[36]

. . . . . .

Despite common misconceptions, most single mothers who receive welfare either work or would prefer to work. Because of the relatively low education and skill levels of most mothers on AFDC, the prospects of obtaining stable jobs that can support them and their families are slim.

- In 1991, families headed by women had the lowest median income of all family types — $16,692 per year, compared to $28,351 for families headed by men, and $40,995 for married-couple families. Over 35 percent of families headed by women lived in poverty in 1991, which is 10 times as many as families maintained by men.[30]
- Less than one-third of poor parents with children under six rely exclusively on public assistance. Most subsist on earnings alone or a combination of low wages and public aid, according to the National Center for Children in Poverty.[32]
- A recent study by the Institute for Women's Policy Research showed that over a two year period, almost half of all mothers on public assistance combined AFDC with earnings, either simultaneously while working at low-wage or part-time jobs, or cycling from work to welfare as jobs are acquired and lost. These mothers work an average of 900 hours per year, which is the same as all mothers in the labor force. They earn $4.29 per hour (in 1990 dollars) and work close to full-time, but for fewer than half the weeks in a year. When employed, they work primarily as cashiers (average weekly salary $138 in 1992), nursing aides ($222 per week), food service workers ($135 per week), janitors and maids ($154 per week), and machine operators. Even combining work, welfare, and other income (including child support) these families live in poverty.[34,24]
- The General Accounting Office estimated that if all poor single mothers worked full-time year-round at their potential wage rates, more than one-third would still live in poverty; working 30 hours per week, more than 70 percent would live in poverty. After paying for child care, almost two-thirds of full-time workers and more than

three-fourths of those who work 30 hours per week would still live in poverty.[47]

These studies demonstrate that the majority of poor, single mothers cannot escape poverty even if they hold full-time or steady jobs. They are likely to work in low-wage occupations without important benefits such as paid sick leave or health insurance for themselves or their children, and they are often subject to lay-offs, shift and schedule changes, and other work interruptions. In addition, many poor single mothers have young children; they often have difficulties finding and paying for child care and they are likely to lose time from work or even lose their jobs because of disruptions in child care arrangements or children's illnesses. In this respect, AFDC often serves as unemployment insurance for mothers whose jobs are interrupted because of their caregiving responsibilities.

Poverty Level Fails to Consider the Impact of Child Care Costs on Families

When discussing poverty, official poverty thresholds are often the basis for determining a family's basic needs. As originally defined in the 1950's, poverty levels anticipated the amount that a family would need to purchase minimally adequate food, clothing, housing, and other essentials.[7] However, current poverty levels, which are based on expenditure data from the 1950's and do not include child care costs, may not reflect the basic needs of today's families. In the 1950's child care would have been a negligible expense for most families since most mothers stayed at home; today, low-income families pay approximately 27 percent of their income on child care.[7]

A recent U.S. General Accounting Office study found that good quality child care centers cost an average of $4,797 per year per child in 1990, which would amount to 45 percent of the yearly income for a family living at the poverty level.[14] Approximately 70 percent of mothers who have preschool age children and who work full-time pay for child care. Families who have income at or above the poverty level of $11,186 (for a family of three in 1992), may in fact have incomes well below that level once they pay for child care.[7]

Families with very low income may still be eligible for an AFDC grant, medical care, and child care. However, the ceiling of wages that keep a family of three eligible for AFDC averages $632 per month nationwide.[48] When a family's income reaches that level, the family is no longer eligible for a monthly grant. After a family becomes ineligible for AFDC due to earnings, it is only entitled to one year of child care assistance in most states, through the Transitional Child Care program, which requires a family share of cost. Once TCC ends, the family may become subject to long waiting lists for scarce subsidized slots in most states.

Better Off on Welfare?

I'm at a point where I am going to have to see if I would be better off on welfare. I work but am unable to pay day care even at reduced rates.

— SINGLE PARENT IN RHODE ISLAND ON A WAITING LIST FOR SUBSIDIZED CHILD CARE.[35]

• • • • • • • • •

Child care is so outrageously expensive that if I get a job, I'd come out with $400 a month. With AFDC and Food Stamps I get close to $800 and I am home with my kids. I'm not proud of that, but earning $5.00 an hour, what choice do I have?

— SINGLE MOTHER IN CALIFORNIA'S JOBS PROGRAM.[19]

Child Care is Unaffordable for Many Low-Income Families

• • • • • • • • •

On AFDC I can afford to feed my children and pay the rent. When I went to work… all I could afford was child care and rent.

— SINGLE MOTHER IN SOUTH CAROLINA.[44]

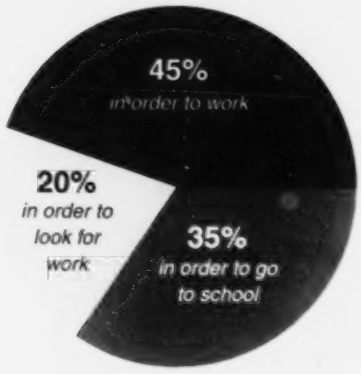
• • • • • • • • •

Despite the fact that market rates for child care are artificially depressed due to the low wages of child care providers, out-of-pocket child care costs can be a substantial burden for families who subsist on low wages and/or public assistance.

- In the private child care market, poor families pay more than one fourth of the family's monthly income and one-third of the mother's income on child care, compared to non-poor families who pay approximately seven percent of their income on child care.[7]
- In Illinois, the average cost of child care centers was $350 per month in 1991, which amounted to 47 percent of the gross wages from a full-time minimum wage job, and 78 percent of the net cash income of AFDC recipients surveyed.[3]
- A comprehensive study in Illinois found that 67 percent of single parents did not have relatives or friends available to provide inexpensive or free care. If such care was available, it was often unreliable. Those parents who work and earn so little that they remain eligible for AFDC payments cannot afford quality child care unless the providers subsidize the care themselves by accepting the extremely low rates for care that parents are able to afford.[3]
- In a recent survey in Utah, JEDI Women found that single parents pay between 25 and 50 percent of their income on child care.[53]

Why Do Poor Mothers Need Child Care?

Results of a 1995 survey of low-income mothers in Utah by JEDI Women.[53]



Parents Need Child Care In Order To Work

As a low-income single parent whether one is trying to go back to school or work, day care becomes a top priority because without it the other can't exist. Being a single parent you are mom, dad, homemaker, and breadwinner.

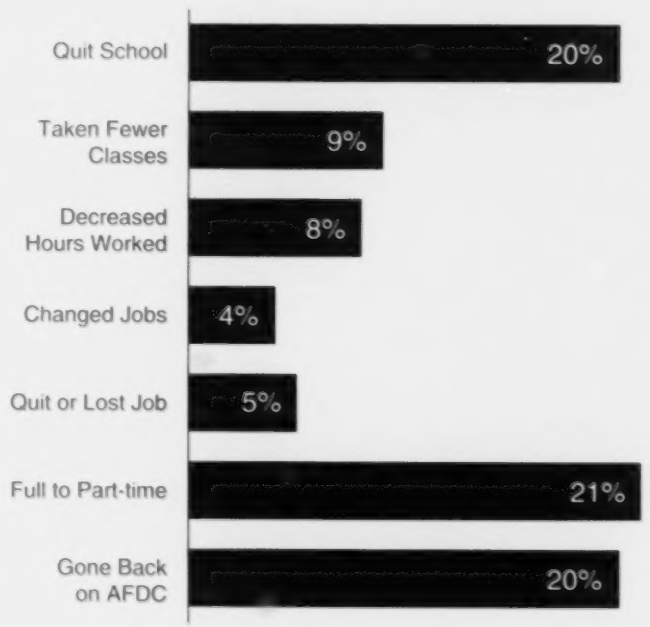
— SINGLE MOTHER IN NEW YORK.[33]

Whether by choice, economic necessity, or government mandate, 58 percent of all mothers with children under age six are in the labor force.[40] Nearly 75 percent of single mothers with children under 18 work full-time.[39] Almost 10 million children under five years old nationwide have employed mothers; more than half of these children attended child care in 1991.[40] If mothers of young children are to enter or remain in jobs, they need adequate care for their children while they work.

- A study of 158,000 thousand AFDC recipients in Illinois found that 91 percent of parents who were not working would prefer to be if they had child care that they liked and trusted.[31]
- A 1994 study by the Southern Institute on Children and Families on the relationship of health care to welfare dependency reported that 50 percent of AFDC recipients and 46 percent of Transitional Medicaid recipients named child care when asked to identify the single most important benefit they considered when deciding whether to accept a full-time job. For both groups, child care was the most important benefit.[44]

Consequences of Child Care Problems

Findings of a 1991 study of AFDC recipients in Illinois on the consequences of child care problems within the previous year.[31]



Child Care Problems Keep Poor Mothers Out of the Workforce

. . . . . .

Before my children were school age, in order to keep costs down I drove one child to day care, my infant daughter [to another caregiver] and then to work. Driving was 1 and 1/2 hours one way in good weather.

— Single mother in New York.[33]

. . . . . .

Because many poor families rely on hourly wages and shift work without any benefits, their lives are a precarious balance of competing financial needs. Any unforseen emergency may throw off that balance so that child care money has to be used to pay for a car repair or a doctor's bill. Families with low income and no savings may be forced to use child care that is compatible with their erratic schedules and small budget, rather than quality, stable care that they would otherwise choose. Particularly when parents rely on friends or relatives to care for their children, the stability of the care may be tenuous because of the caregiver's own personal obligations. As a result, these parents may experience more work disruptions because of

Mothers Out of the Labor Force Because of Child Care

Findings of a 1991 survey of mothers who are out of the labor force because of child care problems, by age of youngest child, number of children, and poverty status.[2]

Mothers, 21 to 29 years old, who cited child-care problems, by poverty status, total number of children, and age of youngest child, 1986

Number of children and age of youngest child	At or below the poverty line		Above poverty line	
	Number (thousands)	As a percent of all mothers not in labor force	Number (thousands)	As a percent of all mothers not in labor force
Total number of children				
One	105	29.5	196	16.4
Two	164	35.2	202	17.8
Three or more	145	36.5	111	25.6
Age of youngest child				
Less than 1 year old	87	40.5	63	10.6
1-2 Years old	185	37.9	240	22.8
3-5 Years old	103	33.0	174	20.6
6 Years or older	39	19.1	32	12.0

failed child care arrangements. Some even lose their jobs because their child care arrangements fall through, and they then often turn to AFDC for support.

- In a study in Washington State in 1986, two-thirds of AFDC recipients identified difficulty with child care as a primary problem in finding and keeping jobs. More than three-fourths of these parents who had stopped looking for work cited child care problems as the reason.[5]
- Nationwide, more than 1 million mothers ages 21-29 said they were out of the labor force in 1986 because of child care problems, comprising 23 percent of all mothers who were out of the labor force in that year. One researcher who studied the impact of child care problems on work status concluded that poor mothers are in a "Catch-22" situation: without child care they could not look for work, and without work they could not pay for child care."[12]
- In Illinois, researchers found that child care problems prevented 42 percent of AFDC parents from working full-time and approximately 25 percent from working part-time or as much as they would have desired. As a result of child care problems, 21 percent of AFDC parents were forced to become part-time instead of full-time workers.[3]
- In a Mathematica Policy Research study in 1989, mothers of preschool children reported that they missed up to two days of work in a given month primarily due to child care problems. In this study in three cities, up to 37 percent of mothers of preschool children had been prevented from working or had to change jobs or hours, citing problems with cost, availability, and quality of child care as the reasons. Approximately 40 percent of families who were working reported that child care was not available and another 40 percent found that the cost was the primary problem. Up to two-thirds of mothers who were not working reported that they would work if satisfactory child care was available at a reasonable cost.[4]

- In a survey of mothers entering California's JOBS program, 72 percent said that affordability, unavailability, or other child care problems had been a constraint on work or education during the past year.[19]
- In a recent survey by JEDI Women in Utah, 28 percent of low-income mothers reported that they had to quit their jobs or had been fired because of the lack of available child care. Thirty-five percent reported that they have missed work or school because of a lack of child care.

Recently I have had two suicidal thoughts: either stop working and go back on welfare, or place my children in foster care so that they might have the opportunity for a better life.[13]

— Single mother in Arkansas

• • • • • • • • • •

I just received a letter saying my transitional services would be expiring in September. I'm wondering if there is another program I can get help from in order to keep my day care and my job. I can't afford to pay my bills and my day care. I'm a single mother and I left my daughter's father. I finally got off public aid and got a job that I like a lot, thanks to the transitional program. My day care lady has helped me as much as she can but she has to be paid. I'm on my own for the first time with my two-year old daughter and I would hate to go back on public aid.

P.S. The last time I decided to leave my daughter's father I had to go back to him and an abusive situation because I couldn't afford to pay my bills and work without worrying about where my daughter was going to be. I need help.

— Letter to state child care administrator from single working mother.[14]

Lack of Subsidized Child Care Causes Parents to Return to AFDC

. . . . . .

I am a single parent of one child who receives not one penny in child support, works 40 hours a week trying to make ends meet. I ask for a little bit of assistance from the state and I get put on the waiting list... I am better off unemployed and on welfare... This system makes me very angry.

— *Rhode Island parent on a waiting list for At-Risk Child Care.*[15]

. . . . . .

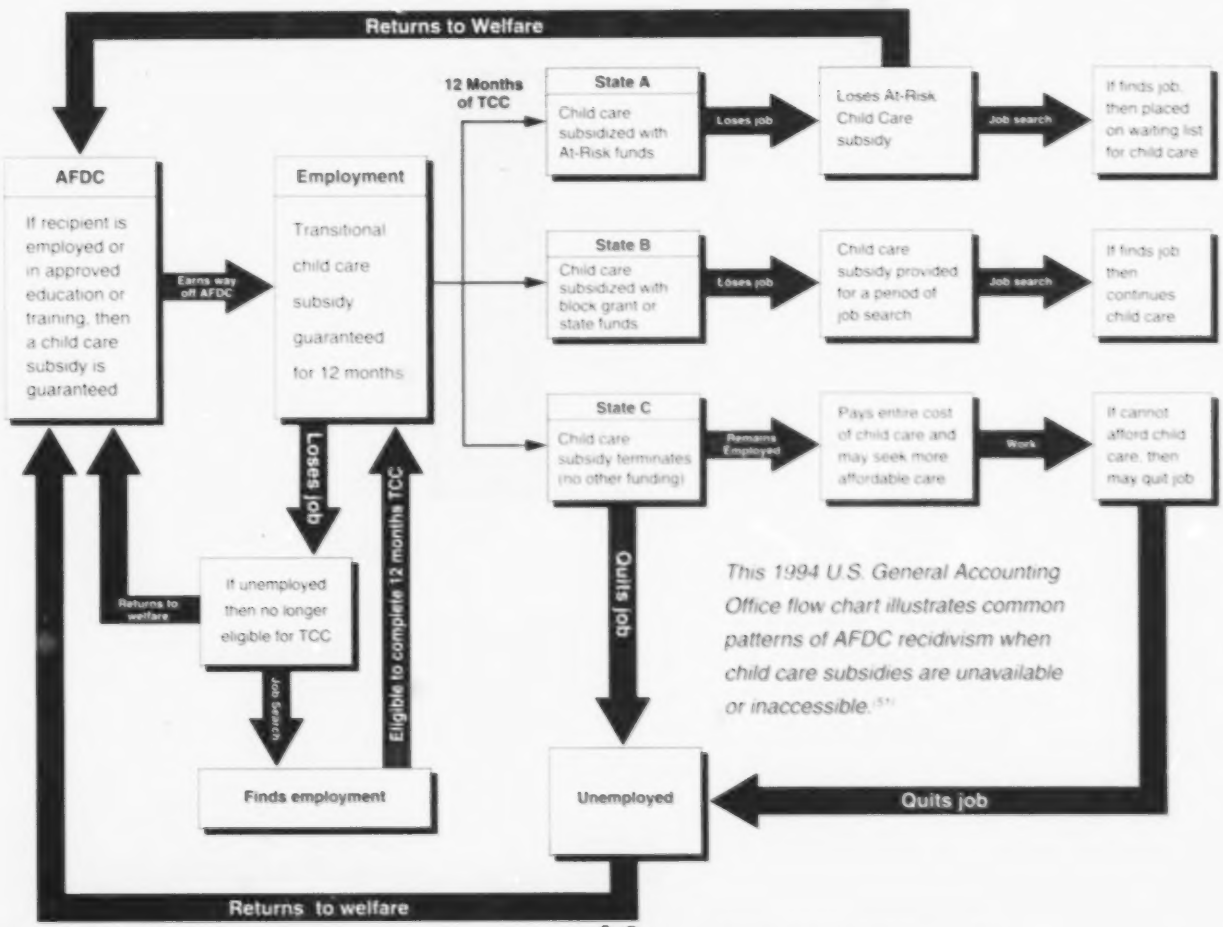
Inadequate and inconsistent child care funding has had the unintended effect of guaranteeing child care only for families who work and receive AFDC, or who are eligible for Transitional Child Care (TCC), forcing all other low-income families to compete for scarce dollars. While child care subsidies could serve as an incentive for poor parents to work, many do not know that assistance is available. Many eligible families who work do not ever receive subsidies because they are not aware of them.

Moreover, insufficient child care funding for poor families who are not guaranteed child care has caused states to prioritize and serve these families only as resources permit. Often these families are never served because they never reach the top of long waiting lists. Many families are forced to return to AFDC while they wait for child care assistance.

- In Texas, working poor families who do not receive AFDC rank fourth in a priority list for child care subsidies. Illinois serves teen parents, child protective services cases, families with special needs, and then working poor families who are not eligible for entitlements to child care.[16]
- In 1991, a California survey found 255,000 children on waiting lists for subsidized child care, and in 1993, there were 13,000 on a waiting list for one payment agency in South Central Los Angeles. In California it takes two to three years for a subsidized child care slot to open.[17]
- An Illinois study found that 68 percent of the families who had completed one year of TCC continued to have incomes low enough to be eligible for "At Risk" child care. Of those families who did not require "At Risk" child care assistance, the primary reason was that the family's youngest child had turned thirteen and was no longer eligible for the program.[18]
- A 1994 study of families on waiting lists for child care in Minnesota found that 24 percent were forced to rely on AFDC while waiting for child care. Fourteen percent of these parents had to leave their jobs, and 71 percent fell into serious debt in order to pay for child care.[19]
- Twenty percent of families studied in Maryland who had left TCC and were put on a waiting list for subsidized child care returned to AFDC while waiting for child care assistance.[20]

- In a Baltimore study, 42 percent of families who were eligible for state subsidized child care applied for AFDC after being on the waiting list for six months or more.[50]
- In Milwaukee County, Wisconsin, one-fourth of families who exhausted their TCC benefits returned to AFDC. The county believes this is due, in large part, to a lack of affordable or subsidized child care.[51]
- In Illinois, researchers found that child care problems caused 20 percent of parents who had left AFDC for work to return to public assistance.[52]
- A 1987 study of the ET job training program in Massachusetts found that one-third of the mothers who had completed the program and left welfare for work returned to public assistance within one year because of child care problems.[53]

AFDC Recidivism Due To Lack of Child Care


Returns to Welfare
AFDC
If recipient is employed or in approved education or training, then a child care subsidy is guaranteed
Earns way off AFDC
Employment
Transitional child care subsidy guaranteed for 12 months
12 Months of TCC
State A
Child care subsidized with At-Risk funds
Loses job
Loses At-Risk Child Care subsidy
Job search
If finds job, then placed on waiting list for child care
State B
Child care subsidized with block grant or state funds
Loses job
Child care subsidy provided for a period of job search
Job search
If finds job then continues child care
State C
Child care subsidy terminates (no other funding)
Remains Employed
Pays entire cost of child care and may seek more affordable care
Work
If cannot afford child care, then may quit job
Loses job
If unemployed then no longer eligible for TCC
Returns to welfare
Job Search
Finds employment
Eligible to complete 12 months TCC
Quits job
Unemployed
Quits job
Returns to welfare

This 1994 U.S. General Accounting Office flow chart illustrates common patterns of AFDC recidivism when child care subsidies are unavailable or inaccessible.[54]

BEST COPY AVAILABLE

Child Care Subsidies Can Enable More Mothers To Participate in the Workforce

. . . . . .

Can subsidizing child care reduce the dependence of single mothers on AFDC? The answer seems to be an unequivocal "yes."

— Dr. Rachel Connelly of the Institute for Research on Poverty.[11]

. . . . . .

Several studies have examined the effects of child care subsidies on mothers' labor force participation and found a dramatic rise in maternal employment rates when families receive child care assistance.

- Recently, the U.S. General Accounting Office predicted that a 100 percent child care subsidy would significantly increase the probability that low-income mothers would work. The study showed that fully subsidizing child care would increase the likelihood of all poor mothers (including those who currently receive free child care from friends or relatives) working by 52 percent and near-poor mothers by 33 percent. Of poor mothers who do not have access to free child care from friends or relatives, and no child care subsidy, only six percent work. The model predicted more than a 7-fold increase in the number of these poor mothers who would work if a full child care subsidy were provided.[37]
- In 1985, Dr. Rachel Connelly of the Institute for Research on Poverty also concluded that child care costs had a substantial effect on labor force participation of unmarried mothers and that child care costs kept both married and unmarried mothers out of the labor force. She concluded that AFDC dependency would be cut by almost one-half if child care were fully subsidized.[11]
- In 1980, researchers estimated that if child care subsidies were provided to married mothers, 87 percent of them would work, compared to 19 percent who would work if they had to pay the then above-average cost of $40 per week for care.[37]

Annie and Jasmine: From AFDC to Independence

Annie Mitchell knows that she is the only one who is ultimately going to look out for herself and her four and a half year old daughter Jasmine. She knew it when she was simultaneously working hard in training college and taking care of Jasmine with virtually no help from the baby's father. "I had to make serious decisions about what was right for me and my daughter. Something had to go to make it all work and it was him."

Annie has been managing her life with this determined sense of resolve for the last five years. She was eight months pregnant when she graduated from high school in 1990 in Southern California. Her daughter, Jasmine, was two months old when Annie enrolled in a training college to learn word processing. Had California's GAIN program been better organized, she might have been approved for funding that would have paid for her training and her child care, but the red tape kept her application held up for 9 months. "I called the social worker assigned to my case zillions of times and she kept putting me off, saying that my name was in the system. I finally gave up." Fortunately, Annie was able to live with her mother throughout her year of schooling and receive AFDC, but she had to pay $200 a month out of her grant for child care.

A few months out of school her word processing training got her a job as a secretary and she was able to get her own apartment. Six months later she landed an even better job as an Accounts Payable assistant and she was discontinued from AFDC because she made too much money. After realizing that she could not make ends meet and pay for child care, Annie went back on AFDC because she was wrongly informed that she needed six months on AFDC to qualify for transitional child care benefits. If it weren't for a friend of hers in the Sacramento Valley she never would have even heard about the availability of TCC. "My friend up North is always filling me in about programs that I know I would never hear about down here. They readily volunteer the information up there that we should also be entitled to hear."

After her year of TCC expired, Annie applied for At-Risk Child Care and was waitlisted for six months. She paid $360 in child care per month for these six months, which really decimated her earnings. At-Risk Child Care now pays the $360 a month and Annie can honestly say that she is saving money. But in addition to her full-time job during the day, she babysits two nights a week.

Annie was also fortunate to be able to offset the $6,000 cost of school with a grant of $2,400, but the remainder she paid for with a loan, whose payments are hefty and seemingly never ending. Employed now as the Registrar at the Boy Scouts of America's main office, Annie is paying $52 a month in school loans out of her paycheck. She has medical benefits for herself at her job, but she pays $178 a month for Jasmine's insurance.

Annie is doing quite well right now, but without child care funding she'd be unable to make ends meet. Being able to save money is really important to her because it gives her hope that she will be able to continue her education at some point soon. She wants to go back to school and work with abused children. The year-long training sessions for this type of job require a huge time commitment, but Annie feels confident about what she wants to do with her life. She'd like to be in a position to help kids get through some of the tough times life has to offer.

Annie says Jasmine is a happy child. She enjoys the other children at her preschool and looks forward to going back each weekday. As luck would have it, Jasmine is able to take Tap and Ballet once a week because Annie's cousin owns a dance studio near their home. Annie hopes that she can offer her daughter a rich variety of activities and experiences. She believes that this will help Jasmine grow into a healthy, well-adjusted, responsible person.

Child Care and Parents' Education

Education and Training Significantly Affects Families' Income Level

. . . . . .

I was no different than the other 90 percent of welfare recipients — I was a single mother with little financial or material resources, infrequent or no child support, and not educated or skilled enough to acquire a job that could pay for me... to provide for my child and pay for capable child care.

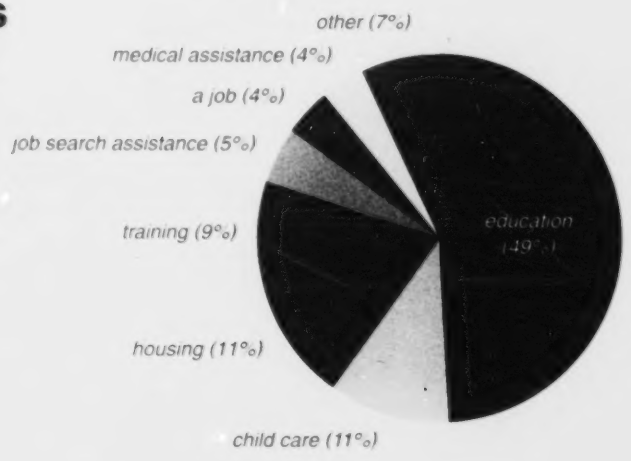
— MOTHER DIVORCED FROM ABUSIVE HUSBAND.[33]

. . . . . .

Women who receive AFDC often lack the skills and education necessary to obtain stable jobs with salaries adequate to bring them out of poverty.

- A 1991 report on welfare mothers as potential employees found that less than one-third of women receiving AFDC were qualified to work in any professional or technical occupations, and that only 45 percent had the basic skills to perform clerical or secretarial work.[34]
- Only 17 percent of mothers who receive AFDC had any college education in 1992, while in 1987, 57 percent of mothers who relied primarily on AFDC for income had less than a high school diploma.[35]
- Two-thirds of children under age six who live in poverty have parents with less than a high school education. Significantly, however, 34 percent of these children had at least one parent who had graduated from high school, indicating that a high school

Responses of JOBS participants when asked to choose the one type of assistance that would most help them out of poverty.[30]



diploma alone does not ensure an adequate standard of living.[32]

- Half of all JOBS participants surveyed by the Coalition on Human Needs stated that education assistance would most help them out of poverty.[30]
- Individuals with more education generally have more job opportunities, higher wages, and greater job security than those with lower levels of education, according to the National Center for Children in Poverty.[32] Nationwide, women with no post-secondary education earn an average of $332 per week, compared to $596 for women who are college graduates.[46]
- A recent study by the City University of New York (CUNY) estimated that over 40 years of work, a CUNY graduate's income (with a B.A.) would be almost $15,000 per year higher than a high school graduate's. In 1991, CUNY's 1970-1990 graduates paid $335 million more in New York State and City taxes than they would have paid had they not gone to college.[22]
- The percentage of women who are low-earners (yearly earnings of under $13,091) increases dramatically from 8.5 percent for women with a Bachelor's degree or higher to 30 percent for women with only a high school degree.[46]

Success in Job Training and Education Can Hinge on Child Care

. . . . . .

I have to have good child care before I can even think about training or work.

— NJ JOBS PARTICIPANT WITH A FIVE YEAR OLD CHILD.[30]

. . . . . .

Because education and job training are so critical to the ability of families to become self-sufficient, these families should have access to the supportive services, including child care, that will enable them to complete such programs. Many problems exist, however, in the availability and the administration of these services, creating serious barriers to success in these programs.

For instance, under the Family Support Act, states are required to provide child care to participants in

JOBS, the federally mandated training and employment program for AFDC recipients, as well as to those in certain state-approved, self-initiated job training and education programs outside of JOBS. If a state cannot provide state matching funds to pay for child care, it cannot require AFDC recipients to participate in JOBS. Due to budget constraints, particularly with respect to child care, states only allow a small fraction of eligible parents to participate in JOBS activities. For instance, in Los Angeles county alone, 39,000 AFDC recipients participate in JOBS, compared to 130,000 who should be mandatory participants.[26]

Even when parents can access JOBS programs, child care problems can have a detrimental effect on their ability to participate successfully in training or education activities.

- In a survey of mothers entering California's GAIN program, 72 percent said that affordability, unavailability, or other child care problems had been a constraint on work or education during the past year.[9]
- In Illinois, a 1991 study reported that 58 percent of single mothers on AFDC were late to or missed work or school because of child care problems. Forty-two percent quit school because of child care problems.[3]
- A 1992 study of the GAIN program in California found that parents' satisfaction with their child care arrangements, including convenience and safety, were very important to their continued progress in the program. Mothers who were most dissatisfied with their children's child care arrangements, rating the care as unsafe or understaffed, were much more likely to drop out of the GAIN program than parents who were satisfied with their child care arrangements.[19]

Conversely, there is abundant evidence that stable, quality child care has enabled parents to succeed in training and education programs, and that attendance in child care has positively impacted their children.

- In a 1992 survey, the U.S. General Accounting Office found that

almost 70 percent of JTPA participants who needed and received child care completed their training, got jobs, or had other positive outcomes, compared to less than half of those not receiving child care, indicating that child care assistance is an important factor contributing to success in the program.[25]

- Most JOBS participants have reported that their experiences have had a positive effect on their children. Moreover, more than 16 percent of parents in JOBS spontaneously volunteered that their children liked being in child care.[30]
- The City University of New York (CUNY) found that student parents who received child care assistance had higher graduation rates, were more likely to remain in school, had higher grade point averages, and graduated in fewer years than student parents without child care. Many parents reported that the availability of child care was critical to their decision to enroll. While CUNY recognizes the value of child care, less than 25 percent of the need for child care is presently being met and over 3,100 children are on waiting lists for campus child care.[22]

Child Care is Especially Important for Teen Mothers in School

Without adequate education, teen mothers are particularly at risk of long-term poverty and welfare dependence. In order to succeed in school, they need care for their very young children while they attend classes and study. Because infant care is generally the most expensive type of child care, teens may have a particularly difficult time finding and affording quality care for their young children.

- In 1992 fewer than 50 percent of mothers on AFDC who gave birth as teenagers had a high school diploma. Accordingly, women who gave birth as teens earn one-third less overall than women who gave birth later in life.[45]
- On average, 80 percent of teen mothers in California drop out of high school, citing the difficulties of being a single parent and lack of adequate child care as the primary reasons.[29]
- A 1993 study of teen parents receiving AFDC in Ohio's learnfare program, LEAP, found that child care is essential for these mothers to stay in school. Lack of adequate child care was the most common reason for parents to not be enrolled in school.[17]
- In a 16 state study by the U.S. General Accounting Office in 1992, only 24 percent of AFDC teenage mothers had been enrolled in the states' JOBS programs. The reason is likely the states' reluctance to enroll teen mothers who need care for infants and toddlers, due to the high cost of such care. This is unfortunate because teen mothers who receive AFDC were shown to be almost twice as likely to complete high school in programs that provide enhanced services such as alternative high school curriculum, life skills training, parenting classes, and subsidized child care.[42]
- In the three-city Teenage Parent Demonstration Project, two-thirds of teen mothers who received enhanced services used child care, compared to about half of teen mothers who were not part of the demonstration. These parents showed a corresponding increase in their activity at school.[4]

Investments in Quality Child Care Can Reduce Future Costs

Quality Child Care Enhances Child Development and Shows Long-term Positive Effects

While the demand for child care is high and will only increase as a result of current welfare reform efforts, the supply of quality, affordable child care is inadequate to meet the needs of many working families. Research has shown that the quality of care directly impacts a child's social, emotional, cognitive, intellectual and physical development, and that *high quality* child care can have significant, long-term, positive impacts on children's educational achievement and future employability.[9-12]

The most famous long-term study of the effects of high quality child care on low-income children, the High/Scope Perry Preschool Study, found a direct correlation between the quality of preschool care and education and later school success and employability. The study found that for every $1.00 invested in the preschool program, $7.16 is returned to society over the lifetimes of the participants.[38]

The study found that low-income children who received quality preschool services had higher IQ's, better literacy rates, better high school graduation rates, and greater earnings as adults than children who did not receive preschool services. The High/Scope research further showed that quality care results in fewer teen pregnancies, lower rates of delinquency, and fewer arrests among children who received such care.

Economically, quality child care is a sound investment. In addition to the reduced social costs, society also reaps the benefits of greater earning capacities of both children and their parents, as well as lower unemployment rates of adults who, as children, received quality care.[38]

Other studies have also found a significant connection between quality child care and later impact on children and society. The Family Development Research Program at Syracuse University began a program in 1979 which guaranteed child care and other support services to 108 low-income families for 50 weeks per year for five years. The group has been studied for the past 25 years and compared with a control group who did not receive benefits. Recent results of the study have been dramatic. Only 6 percent of children in the program had been processed as probation cases, as compared to 22 percent of the control group. The severity of the offenses differed dramatically as well; the total cost to the juvenile justice system for the program children averaged $186 per

child, compared to a cost of $1,985 per child for the control group children.[38]

A study commissioned by the City of Minneapolis examined the mounting research on the impact of early childhood education and children's future employability. Skills tests of children before they entered the public school system revealed that many low-income children were at risk for learning failures. Recognizing the importance of quality early childhood programs on later employability and success, the study recommended making a strong investment in community child care and Head Start projects.[39]

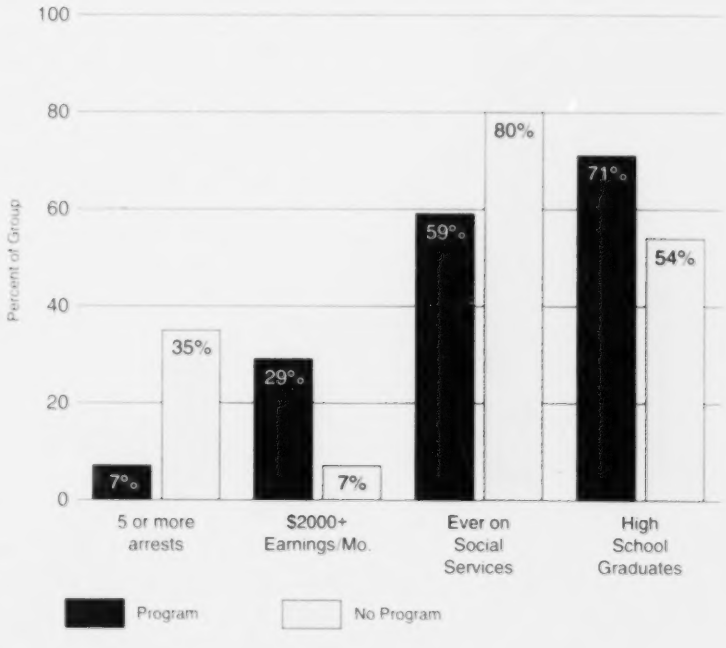
Conversely, research has also shown that children placed in inadequate or barely adequate care can face problems which continue to surface throughout childhood and into adulthood. Studies have found these children to be more likely to feel insecure with teachers in the classroom setting, to distrust other children, and to be more likely to face rejection from their peers. Consequently, these children may be more likely to drop out of high school or become involved in the criminal justice system.[40]

It is crucial that policy decisions about welfare spending, child care funding and work requirements for parents take into account the serious and long-term implications for today's young children. Efforts to cut current government spending at the expense of young children will only have negative repercussions for these children, government budgets, and society. On the other hand, an investment now can result in long-term savings and help to remedy some of the serious societal problems that are of such concern to families, policy makers and the public.

High/Scope Perry Preschool Study

Major Fingings at Age 27

Recent findings of the High/Scope Perry Preschool study on the long-term impacts of a quality preschool program on low-income children.



Increased Public Investment Is Needed to Assure Access to Quality Child Care

Although high-quality child care does exist, in reality, the cost of such care places this option out of reach for many families. In 1994, the average cost of child care nationally was $570 per month for infants and toddlers, and $435 per month for preschoolers.[1] These high costs force many low-income families to place their children in unregulated or substandard care. An estimated 82-90 percent of family day care goes completely unregulated in this country. Almost three-fourths of low-income families place their children either in family child care, or with relatives or another parent.[2][3]

A recent study by four major universities found that increased funding for child care programs is the key to improving the quality of care. Significantly, the study estimated that the additional cost to raise mediocre-quality care to good-quality care is only 10 percent. This relatively small additional investment would greatly raise the quality of care by improving staff education and compensation, and expanding the number of staff. The study also found that child care centers receiving public funding tied to higher standards provide higher quality care than other centers.[4]

In addition to increased direct funding of programs, other approaches were researched and recommended by the U.S. General Accounting Office as successful strategies for improving the quality of care in family child care settings:[5]

- **Support networks** through which family day care providers can find assistance in becoming registered or licensed. Support networks focus on enhancing the level of professionalism of the family caregiver, and thereby improving the quality of care. Support networks are created through initiatives which may be funded by private, state, or federal sources.

- **Training, recruitment, and consumer education initiatives** to raise parents' awareness of quality and create a demand for high quality care. One initiative in Salem, Oregon was successful in providing support for family child care and prompted the creation of the Oregon Child Development Fund. Through the initiative, a statewide resource and referral

system was also developed, and the state enacted minimum requirements for family child care settings.

■ **Health initiatives** which focus on increasing health and safety standards in child care, increasing immunization rates among children in child care, and educating providers about health and safety issues. Through education, the initiatives link providers with other resources such as county health departments or local child care resource and referral agencies. For example in Hood River, Oregon, a nurse from the health department makes home visits to family child care providers, provides assistance over the telephone, and trains providers on health and nutrition issues. [32]

In addition to increasing the supply of quality care generally available in the market place, government support in the form of subsidies to families can significantly increase the quality of care that parents choose for their children. While a majority of working families, including those on AFDC, place their children in informal or unlicensed care, many would certainly choose licensed care for their children if it were financially feasible for them to do so.

- One survey of AFDC recipients in Boston, Denver, and Charlotte, N.C., found that more than two-thirds of AFDC parents relying on relatives would have preferred other types of care. The unreliability of friends and relatives with respect to both the availability and quality of care was a frequently expressed problem. [30]
- A study of families in California's JOBS program found that, before starting in the program, less than 20 percent of parents who used child care placed their children in organized care. Three months after enrolling in the program, with its attendant child care subsidy, 52 percent of parents were using licensed family day care homes or centers. [30]

- Similarly, a major study of current and former public aid recipients in Illinois found that parents using formal care were much more likely to be receiving child care subsidies through AFDC or Transitional Child Care than those using informal care arrangements. [31]

As discussed above, providing **quality** child care can serve the dual purpose of allowing low-income parents to work and support their families, while enabling young children to enter school ready to learn and leave school ready to work. As policy makers consider proposals to seriously diminish government support for children and low-income families, they must be made to understand that through increased support for early childhood care and education, they will be making a very sound investment in all of our futures.

Alternative Assistance Programs

Child Care As an Alternative to Welfare: What Works, What Doesn't

. . . . . .

Working poor families should not be faced with the decision of applying for welfare in order to receive needed child care assistance.

— The American Public Welfare Association.

. . . . . .

Many low-income families turn to welfare as a safety net during financial or personal crises, or to obtain needed benefits that they cannot afford on their meager income. Recognizing that some families can receive more appropriate and less costly assistance than AFDC, at least two states have attempted to provide services to families who might otherwise resort to applying for AFDC in order to obtain the essential supports they need— namely, child care and health care. When structured properly and implemented effectively, such alternative programs can help many families avoid the "welfare trap."

UTAH: A SUCCESSFUL STRATEGY [93]

In order to help employable parents avoid welfare dependency by providing short-term assistance and needed supports, in January 1993, the State of Utah began its Single Parent Employment Demonstration (SPED) in three counties. The intent of the pilot program was to change the focus of AFDC to an employment program by developing a self-sufficiency plan for all AFDC applicants at the time of their eligibility determination. Applicants who are deemed eligible for aid participate in self-sufficiency activities and receive generous and non-time limited income disregards, which allow them to keep more of their income than in the traditional AFDC system. For those applicants who are presumed to be eligible for aid and are considered job ready, eligibility workers offer the option of the Diversion Program.

The Diversion Program helps families meet their financial obligations while securing employment and/or child support, by providing a one-time payment of up to three months worth of AFDC, as well as Transitional Medicaid for 24 months and Transitional Child Care (TCC) on a sliding fee scale until they are no longer income eligible. The applicant and the case manager negotiate how much money the family will need for shelter or utility costs, clothing for work, and transportation, and case managers provide job placement assistance. Many of the Diversion participants are either between jobs, beginning a job for which they will not receive immediate payment, are pregnant or have just given birth, or are recuperating from a prolonged injury or illness.

For the first three months of participation, the family does not receive an AFDC grant, but instead receives Medicaid and AFDC child care, which is paid directly to the child care provider with no family share of cost. After three months, the family automatically begins receiving TCC which continues until the family's income reaches 59 percent of the state median income. A family share of cost is assessed once the family's income reaches 100 percent of the poverty level. In addition, the family keeps all child support collected and can receive food stamps.

The Diversion Program's First Year report concluded that the program has significantly helped the families it serves and has resulted in fewer families needing ongoing financial assistance. Overall, 10 percent of AFDC applicants in the three pilot counties were diverted from June, 1993 to May, 1994. Counties with small city or urban areas, where more jobs are available and unemployment rates are lower, had a slightly higher diversion rate. To date, 238 cases have been diverted and only 12 percent have reapplied and are receiving AFDC.

The report also found that the costs of the diversion payment and increased child care costs have been offset by caseload reductions and grant savings. In Kearns County, the entire demonstration project has shown a 26 percent reduction in the AFDC caseload and a 31 percent decline in AFDC grant costs in the first year. Despite initial concerns that diversion benefits would increase the number of AFDC applicants, the first year did not show increases and, in fact, applications declined in some areas.

The final recommendation of the First Year report is that "national welfare reform must lift the cap on JOBS funding, lengthen the period of eligibility for Transitional Child Care, and provide additional child care funds for low-income, working families."

CALIFORNIA: ALTERNATIVE PROGRAM'S STRUCTURE FAILS TO MEET FAMILIES' NEEDS

Recognizing that many families would gladly leave AFDC if they were assured of child care and medical assistance, in May of 1994, the State of California began to implement the California Alternative Assistance Program (CAAP), which allows AFDC eligible families who work to decline an AFDC grant and still receive Medi-Cal (the state's Medicaid program) and child care subsidies up to the 75th percentile of the local market rate. Parents must pay for the child care themselves and wait up to two months for reimbursement from

An Actual Diversion Case

T.M., a divorced mother with three children in Utah, requested Diversion in March, 1993. She was about to begin a home health nursing course which would last for six weeks and would have a job that paid from $6.15 to $15.00 per hour once she completed the program. She negotiated an agreement with her caseworker to receive child care assistance, $1,125 in diversion funds to cover three months rent, and food stamps.

When she completed the course, she worked at a nursing home for $6.15 per hour for five months, until the hours conflicted with her hours at school for her RN degree. She quit the nursing home and began a part-time job for $6.35 per hour at an employment agency for people with disabilities and another part-time job at a bakery. As of July, 1994, she had an interview at the employment agency for a full-time position, which would pay her more money and allow her to attend school at night. T.M. does not receive AFDC and her children receive child care paid for by TCC.

BEST COPY AVAILABLE

Common Sense

There might be cheaper options for day care but I don't qualify for some of them and I also will not sacrifice the emotional well being of my children by placing them where I believe they won't thrive. I have down graded as far as I am willing. It will be far costlier for the state to provide for my entire family on AFDC than to provide day care assistance. The whole situation is absurd, frustrating and just plain lacking in common sense."

— SINGLE MOTHER ON WAITING LIST FOR SUBSIDIZED CHILD CARE IN RHODE ISLAND[35]

the county. CAAP families are subject to the same cumbersome monthly reporting requirements as AFDC families. CAAP benefits continue until the family is no longer eligible for AFDC, at which time families may receive 12 months of TCC and Transitional Medi-Cal. To date, only about 30 families statewide have chosen to participate in the CAAP program.

The number of families in the CAAP program is extraordinarily low for many reasons, several of which could be resolved through administrative changes in program structure. CAAP is designed to reach families who receive only a small monthly AFDC grant, and would prefer to leave the AFDC system. However, for families who have incomes low enough to qualify for AFDC, even the small monthly grant may substantially augment their monthly income. Moreover, families who are already receiving AFDC can only elect the CAAP option at their yearly eligibility redetermination. New applicant families must be working and still be eligible for AFDC, without consideration of income disregards. This requirement eliminates many potential applicant families who are not already receiving AFDC.

In addition, since child care expenses can seriously deplete a family's earnings, the requirement that families pay for child care out of pocket makes CAAP benefits virtually useless for many families and provides no greater benefit than child care available to AFDC recipients, which also requires parents to make up-front payments. While the program is still in the implementation stages and most parents and caseworkers are not yet really aware of it, unless its basic structural flaws are remedied, CAAP may never appeal to large numbers of families.

CREATING AN EFFECTIVE "ALTERNATIVE ASSISTANCE" PROGRAM

The different program structures and success rates of the Utah and California programs illustrate that low-income families need financial support in order to work and that, structured properly, such alternative support efforts can help families avoid AFDC dependency. For families in Utah who participate in the Diversion program, AFDC would have served as a form of unemployment insurance. Because low-income and single parents tend to have less continuity in employment, and because they often lose their jobs for reasons related to their caregiving responsibilities, unemployment insurance may not be available to them. Thus, they resort to AFDC to provide the short-term financial aid they need.

As the Utah Diversion Program demonstrates, child care assistance

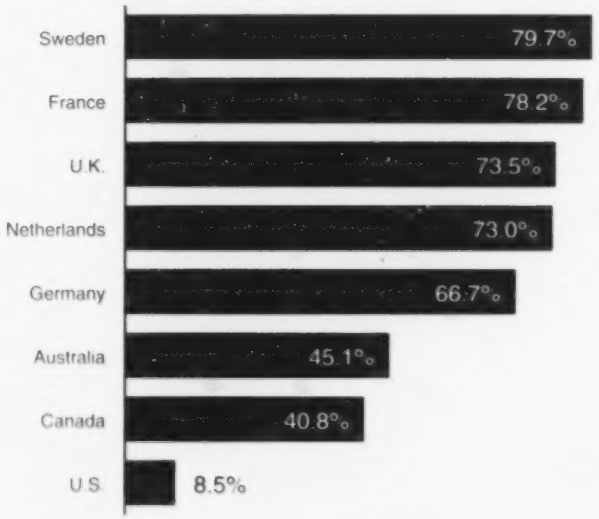
can be a cost-effective way of preventing long-term welfare dependency when assistance is geared to families' needs. Some recommendations for successful "diversion" or "alternative assistance" programs include:

- pay for child care directly to providers or to parents in advance, and do not require parents to pay out-of-pocket for child care and wait months for reimbursement.
- simplify reporting requirements and administration.
- allow income disregards to be considered in initial eligibility determinations.
- allow families to choose alternative assistance at any time.
- disassociate alternative assistance from AFDC to remove the stigma of welfare receipt.

How The U.S. Compares With Other Nations' Investments In Children And Families

The United States is lagging far behind other industrialized countries in developing programs to help families care for their children. Many other industrialized countries have implemented comprehensive family programs that enable and encourage parents to work, and also recognize the importance of quality care for young children. As the United States moves towards decreasing public involvement in and funding for social programs, it is illuminating to look at how other industrialized nations support children and families. Countries that make substantial investments in supportive services, such as child care, have dramatically improved child poverty rates, less crime and violence, and fewer teen pregnancies, when compared to the United States.

Percentage of Low-Income Children Lifted Out of Poverty Through various Government Subsidies 1984-1987[41]



THE BOTTOM LINE

Public support of quality child care is a worthwhile social and economic investment.

Studies have shown that providing child care assistance to enable low-income parents to work lowers short-term government costs on welfare expenditures, as well as the long-term costs of remedial measures for children growing up in poverty. In addition, parents who can work or attend school or training have the opportunity to increase their earnings capacity, resulting in less dependence on government benefits, increased tax contributions, and greater participation in the consumer economy.

- In a study of low-income families over 2 and 1/2 years, Resources for Family Development found that from the time families began receiving subsidized child care to the time they left the program, welfare costs were reduced by almost 50 percent; income and sales tax revenues were increased by 63 percent; and the cumulative increase in family income for 295 families was close to one quarter of a million dollars. The offset in cost to the government was enough to serve 58 additional children in full-time child care at no additional cost to the state.[16]
- In Utah's Single Parent Employment Demonstration project, providing child care assistance to families who are job ready and opt to decline AFDC and to families who participate in self-sufficiency activities has shown a 40 percent increase in child care costs over one year. Nonetheless, these costs have been more than offset by decreased AFDC caseloads and lower grant amounts. In Kearns County, the entire demonstration project has shown a 26 percent reduction in the AFDC caseload and a 31 percent decline in AFDC grant costs in the first year.[17]
- The High/Scope Perry Preschool Project, which has studied the long-term effects of high quality preschool on "at-risk" children's development has found that each dollar invested in the program returns more than $7.00 over the lifetimes of the children. Government savings include lower remedial education, social services, and juvenile justice costs; greater educational attainment; and higher earnings.[18]

Conclusion

In the current political climate, public benefits for poor families are at risk of being drastically reduced with the stated intention of encouraging parents to work. Despite the abundant body of research that indicates that low-income parents do work or would prefer to work, common myths persist that poor, single parent families instead gladly choose to receive welfare benefits. While legitimate frustration with the current welfare system abounds, punitive bureaucratic measures, marriage and work disincentives, and arbitrary time limits on needed supports serve only to further hinder the effectiveness of many welfare reform programs.

What the research shows, and what families eloquently tell us, is that in order for parents to work, and in order for children to grow up with essential life skills, low-income families need support. The logic of this reality has often disappeared when government policy and appropriations are being debated; however, a strong public investment in child care can provide significant two-generational benefits. Rather than developing short-term ways to cut the welfare rolls, government policy should invest in the six million young children who now live in poverty in the United States, for the benefit of those children and their families, and society as a whole.

Glossary

Aid to Families with Dependent Children (AFDC)

Title IV-A of the Social Security Act authorizes AFDC to provide assistance to families who are deprived of parental support due to the death, absence, incapacity, or unemployment of a parent. AFDC is an entitlement program for families who have incomes below 185% of the state standard of need who also meet resource limitations. The state's contribution is matched by the federal government at the rate of 50 to 80 percent.

Child Care and Development Block Grant (CCDBG)

This 1990 legislation provides federal funds for child care to families who earn 75% or less of the state median income. Eligible parents must be working or in training programs, or clients of Child Protective Services and have a child under age 13. These funds are not an entitlement and require no state contribution.

Child Care Disregard (Disregard)

Under Title IV-A of the Social Security Act, child care is an allowable work expense under the AFDC program. Recipients must purchase child care with their own earnings, and are then reimbursed through adjustments to their monthly AFDC grant, in the amount of $175 per month per child age two or older, and $200 per month per child under age two. The disregard is one mechanism that may be used to guarantee child care under the Family Support Act for children under age 13, or those over age 13 who need care due to a physical or mental disability or who are under court supervision. The disregard must be used to pay for care for incapacitated adult family members and for those families who received the disregard on October 13, 1988 and would be disadvantaged by not receiving it.

Child Care Disregard Supplement (Supplement)

Federal regulations to the Family Support Act allow states to supplement the disregard limit of $175 and $200 to the cost of care up to the 75th percentile of the local market rate. The supplement may be given as a separate payment to the parent or care provider, or included in the family's AFDC grant. States may receive federal IV-A matching funds for a supplement up to the 75th percentile of the local market rate. The state's contribution is matched by the federal government at the rate of 50 to 80 percent.

Job Opportunities and Basic Skills Program (JOBS)

The Family Support Act of 1988 (FSA) mandated employment and training programs for eligible AFDC recipients. Families participating in JOBS are guaranteed child care when care is necessary to allow an AFDC-eligible family member to participate in an approved JOBS education, training or employment activity. Families may receive subsidies and states may receive federal matching funds for payments up to the 75th percentile of the local market rate. The state's contribution is matched by the federal government at the rate of 50 to 80 percent.

Resource and Referral Agencies (R&R)

These local agencies counsel parents about how to find child care, and coordinate a variety of resource-building and training activities for child care providers.

Transitional Child Care (TCC)

The FSA requires states to pay for child care for families whose AFDC eligibility has ceased because of increased employment hours or earnings, or loss of income disregards due to an expiration of the time limits. TCC is available to eligible families for 12 consecutive months, beginning with the first month for which the family is ineligible for AFDC. Families may receive subsidies and states may receive federal matching funds for payments up to the 75th percentile of the local market rate. The state's contribution is matched by the federal government at the rate of 50 to 80 percent.

Title IV-A At Risk Child Care (ARCC)

This program is designed for low-income working families at risk of AFDC dependency. Eligible families are those who are not receiving AFDC, have a family member who is employed, require child care for a child under age 13 and have incomes not exceeding 84% of the state median income level at the time of enrollment. Families may receive subsidies and states may receive federal matching funds for payments up to the 75th percentile of the local market rate. The state's contribution is matched by the federal government at the rate of 50 to 80 percent.

References

(1) Baker, Linda, "Day Care Disgrace", *The Progressive*, June, 1994.

(2) Cattan, Peter, "Child Care Problems: An Obstacle to Work", Monthly Labor Review, October, 1991.

(3) "Child Care: AFDC Recipients in Illinois", Illinois Department of Public Aid, September 1991.

(4) "The Child Care Challenge: What Parents Need and What is Available in Three Metropolitan Areas", Mathematica Policy Research, Inc., Princeton, N.J., February 9, 1989.

(5) "Child Care and Low-Income Families", Family Policy Series, Clearinghouse Review, July 1988.

(6) "Child Care and Self-Sufficiency", Fact Sheet, Children's Defense Fund, Washington, D.C.

(7) "Child Care Subsidies Increase Likelihood that Low-Income Mothers Will Work", U.S. General Accounting Office 95-20, December, 1994.

(8) "Child Care Use in Public Assistance Households", Washington State Institute for Public Policy, August 1992.

(9) Cohen, Abby and Stevenson, Carol, *Caring for the Future*, Child Care Law Center, 1992.

(10) "Combining Work and Welfare", Institute for Women's Policy Research, Washington, D.C., 1992.

(11) Connelly, Dr. Rachel, "Effect of Child Care Costs on Labor Force Participation and AFDC Recipiency of Single Mothers", Institute for Research on Poverty, University of Wisconsin-Madison, July 1990.

(12) "Cost, Quality, and Child Outcomes in Child Care Centers", Executive Summary, Economics Department, University of Colorado at Denver, January, 1995.

(13) "Divorced Welfare Systems", *Family Matters*, Winter 1994, Vol. 6, No.1, Center for Law and Social Policy, Washington, D.C.

(14) "Early Childhood Education: What are the Costs of High Quality Programs?", U.S. General Accounting Office January 1990.

(15) Ebb, Nancy, Children's Defense Fund, "The Impact of Welfare Reform", Testimony presented before the Subcommittee on Human Resources of the Committee on Education and Labor, U.S. House of Representatives, September 20, 1994.

(16) "The Economic Impact of Subsidized Child Care", Resources for Family Development, Inc., Livermore, CA, February, 1980.

(17) "The Educational Effects of LEAP and Enhanced Services in Cleveland", Manpower Demonstration Research Corp., October, 1994.

(18) Lally, J. R., Mangione, P., Honing, A. S., "The Syracuse University Family Development Research Program: Long Range Impact of An Early Intervention with Low-Income Children and their Families," *Parent Education As Early*

Childhood Intervention: Emerging Directions in Theory, Research, and Practice, 1988.

(19) "GAIN Family Life and Child Care", Final Report, Family Welfare Research Group, School of Social Welfare, University of California at Berkeley.

(20) Greenhouse, Steven, "If the French Can Do It, Why Can't We?", *New York Times Magazine*, November 14, 1993.

(21) Gustafsson, Siv and Stafford, Frank, "Child Care Subsidies and Labor Supply in Sweden", *The Journal of Human Resources*, Vol. 27, No. 1, Winter 1992.

(22) "Impact of Campus-Based Child Care on Academic Success of Student Parents at SUNY Community Colleges", The City University of New York, 1989.

(23) "It's About Work", Utah Single Parent Employment Demonstration Program, July 1994.

(24) "It's JOBS, Stupid", *Family Matters*, Center for Law and Social Policy, Washington, D.C., Summer 1994.

(25) "Job Training and Partnership Act: Actions Needed to Improve Participant Support Services", U.S. General Accounting Office June, 1992.

(26) Los Angeles County GAIN Program, Anecdotal Information, January, 1995.

(27) "Low Earnings Will Keep Many Children in Poverty", U.S. General Accounting Office 91-62, April, 1992.

(28) "The National Child Care Staffing Survey", Child Care Employee Project, Washington, D.C., 1988.

(29) O'Brien, Kathleen, Child Care Law Center, "Fulfilling the Guarantee of Child Care for Families Working Their Way Off Welfare", Testimony presented before the Senate Budget and Fiscal Review Committee, November 23, 1992.

(30) "Participants Evaluate the JOBS Program", *Unheard Voices*, Coalition on Human Needs, Washington, D.C.

(31) "Preventing Unemployment: A Case for Early Childhood Education", Minneapolis Community Business Employment Alliance, Minneapolis, Minnesota, December 1985.

(32) "Promoting Quality in Family Child Care", U.S. General Accounting Office 95-36, December 1994.

(33) "Public Policy, Private Pain", Senses, Albany, N.Y., May, 1994.

(34) "The Real Employment Opportunities of Women Participating in AFDC: What the Market Can Provide", Institute for Women's Policy Research, Washington, D.C., October 23, 1993.

(35) Rhode Island Department of Human Resources, Office of Child Care, Low-Income Child Care Program Waiting List Survey Results, April, 1994.

(36) "Self-Sufficiency: Opportunities and Disincentives on the Road to Economic Independence", U.S. General Accounting Office 93-23, August, 1993.

(37) "Sharp Rise in Never-Married Women Reflects Societal Trend", U.S. General Accounting Office, 1994.

(38) "Significant Benefits: The High/Scope Perry Preschool Study Through Age 27", High Scope Educational Research Foundation.

(39) Sonenstein, F.L. and Wolf, D.A., *Satisfaction with Child Care: Perspectives of Welfare Mothers*, Journal of Social Issues, Vol. 47, 1991.

(40) *Starting Points: Meeting the Needs of Our Youngest Children*, New York: Carnegie Corporation of New York, April, 1994.

(41) *The State of America's Children Yearbook 1994*, Children's Defense Fund, Washington, D.C.

(42) "States Move Unevenly to Serve Teen Parents in JOBS", U.S. General Accounting Office 93-74, July, 1993.

(43) *The Study of Children in Family Child Care and Relative Care*, Families and Work Institute, New York, New York, 1994.

(44) "Study of the Relationship of Health Coverage to Welfare Dependency", Southern Institute on Children and Families, Columbia, South Carolina, March 1994.

(45) "Teenage Mothers Least Likely to Become Self-Sufficient", U.S. General Accounting Office 94-115, May, 1994.

(46) U.S. Bureau of Labor Statistics, Current Population Survey, March 1993.

(47) Wangmann June, "Child Care Accreditation: The Australian Experience", presented at the 1992 NAEYC Annual Conference, New Orleans, LA.

(48) "Welfare Mothers as Potential Employees: A Statistical Profile Based on National Survey Data", Child Trends, Inc., Washington, D.C., February 25, 1991.

(49) *Who's Minding the Kids?*, Survey of Income and Program Participation, U.S. Department of Commerce, Bureau of the Census, Washington, D.C., Fall 1991.

(50) "Women Who Maintain Families", *Facts on Working Women*, U.S. Department of Labor, Women's Bureau, June 1993, No. 93-3.

(51) "Working Poor and Welfare Recipients Face Service Gaps", U.S. General Accounting Office, May 1994.

(52) "Young Children in Poverty: A Statistical Update", National Center for Children in Poverty, New York, N.Y., January, 1995.

(53) 1995 Child Care Survey, Justice, Economic Dignity, and Independence for Women (JEDI Women), Salt Lake City, Utah.

(54) Valuing Families: The High Cost of Waiting for Child Care Sliding Fee Assistance, Greater Minneapolis Day Care Association, 1995.

A Child Care Law Center Publication • March 1995

Child Care Assistance Keeps Food on the Table

Cathy Mason, mother of Bryce and Travis (ages five and three and a half), doesn't depend on her very occasional child support check from the boys' estranged father. She knows very well that it's really At-Risk Child Care money that enables her to work and keep food on the table. The fact is, without child care money each month Cathy would have to quit her job and go back on AFDC, a reality she grapples with daily.

Cathy earned her way off of AFDC after two years by working as a plumber, digging ditches and moving pipes. Being a welfare recipient wasn't the example Cathy wanted to set for her children and it wasn't the way she wanted to live her life. She had dropped out of high school in 1988 the moment she turned 18, but went back to get her GED at the age of 20 when she was pregnant with her son Bryce. "I went back and took my GED when I was pregnant with my first child because I knew I couldn't tell my kids to go to school if I hadn't."

Being suddenly left on her own with a one and a half year old son and another on the way left Cathy without a lot of choices. She applied for AFDC and started looking for work. She took a job as a plumber in November of 1992. "They needed women to fill their quotas. The work was physically demanding and I was afraid I might hurt myself. Where would my sons be then?" She stuck with the plumbing job for about eight months, in which time her AFDC checks were reduced each month until she was off it completely in April of 1993. She knows that it appears to many that it's easier to sit on welfare and just receive a check every month, but Cathy says there is nothing easy about not having a sense of self-esteem and never having any money. "I feel so much better about myself because I'm working. I'm definitely not getting ahead and it's hard to imagine when I will. You just want to give up sometimes, but I want my kids to have a good life."

Fortunately, when Cathy left AFDC she found out about TCC, but not all mothers do. "They don't tell you about this transitional child care money. I basically had to demand to know if there was any assistance out there. I'm glad I did. TCC helped me go out and work. I didn't have to pay full cost for child care. I would have been lost, absolutely lost, without it."

Cathy works in a doctor's office now that is only a few miles away from her home. Her boys attend a day care center that is run by her local church, which is just around the corner. She's says her company is looking into offering child care as part of their benefits package, but by the time it is implemented, Cathy's children will be in school full-time. She is glad, however, that the needs of some of the other employees will be addressed. Even though her company is sympathetic to her situation as a single mom she isn't paid for the hours that she has to miss for sicknesses or emergencies. She was recently given a raise, but as a result she now has to pay a family fee of $2 a day for her sons' child care. She says the $40 a month is "breaking her."

Never much of a politically minded person, Cathy surprised herself when she attended a meeting run by the local Child Care Resource and Referral agency in her county to address the potential funding cuts by Congress. "They need real-life stories from parents to convince them not to cut funding. I wrote a letter outlining my budget every month. After all of my bills have been paid I have $65. I asked Congress — if you cut child care money, how am I supposed to pay for child care with that money? I would have to stop working!"

It's true of Cathy and many other mothers that without the assistance they get through At-Risk Child Care, they would be right back on AFDC. Reflecting back on her experiences, Cathy wishes she had been made more aware of the choices and programs available to her. She feels strongly that school should be mandatory and available for welfare recipients. Getting and having an education is one of the only ways of keeping a good distance between poorer people and welfare because the job market opens itself up once you have a degree. "I mean, isn't that the point?" Cathy asks. "Don't they want to get people off welfare?"